

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND VALLEY)	
ELECTRIC, INC. TO PASS-THROUGH AN)	CASE NO.
INCREASE OF ITS WHOLESALE POWER)	2008-00413
SUPPLIER PURSUANT TO KRS 278.455(2))	

ORDER

On October 31, 2008, Cumberland Valley Electric, Inc. ("Cumberland Valley") submitted an application to pass-through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. ("EKPC") in Case No. 2008-00409.¹ Cumberland Valley submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Section 2.

In its application, Cumberland Valley described how its proposed pass-through rates were developed:

In accordance with the provisions of KRS 278.455(2), Cumberland Valley Electric, Inc. hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.²

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that

¹ Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC March 31, 2009)

² Application, Page 1.

will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Cumberland Valley to pass-through any increases in the wholesale rates of EKPC and to allocate such increases to its retail rates. Based upon this review, the Commission finds that Cumberland Valley's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 2(2), and, therefore, should be accepted.

The Commission issued an Order in Case No. 2008-00409 on March 31, 2009 authorizing a \$59.5 million annualized increase in EKPC's wholesale rates effective for service rendered on and after April 1, 2009. According to Cumberland Valley, this will increase its wholesale power cost by \$2,765,883 annually.³

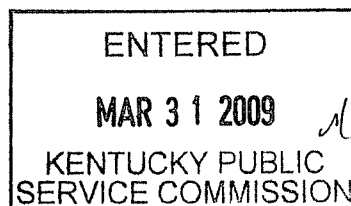
IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Cumberland Valley's application are rejected.
2. The approach proposed by Cumberland Valley to allocate its portion of the increase in the wholesale rates authorized in Case No. 2008-00409 is accepted.
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after April 1, 2009.

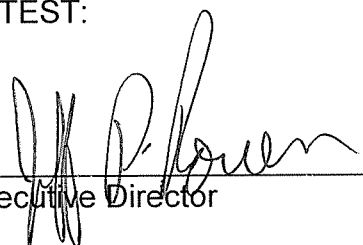
³ Response to Commission Staff's Supplemental Data Request issued on March 18, 2009.

4. Within 20 days from the date of this Order, Cumberland Valley shall file with the Commission its revised tariffs, setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00413 DATED MAR 31 2009

Form for filing Rate Schedules

For Entire Territory Served

Community, Town, or City

P.S.C. NO.4

CUMBERLAND VALLEY ELECTRIC, INC.

Third Revised SHEET NO. 2

Gray, Ky. 40734

Canceling Second Revised SHEET No.2

CLASSIFICATION OF SERVICE

Rates For Residential, Schools and Churches Schedule 1

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all Residential, Schools and Churches.

TYPE OF SERVICE

Single phase at available voltages.

Customer Charge	\$5.50 per month per customer
ALL KWH	.07786

MARKETING RATE:

Available to Consumers eligible for Tariff Schedule 1

The electric power and energy furnished under this section shall be separately metered for each point of delivery. This retail marketing rate applies only to programs which are expressly approved by the Commission to be offered under the Marketing Rate of East Ky. Power Cooperatives Wholesale Power Rate Schedule A.

Marketing rate for all kWh per month
 .04672 per kWh

This rate is only applicable during the below listed
 OFF-PEAK hours:

<u>MONTHS</u>	<u>OFF-PEAK HOURS-EST</u>
OCTOBER thru APRIL	12:00 NOON TO 5:00 P.M. 10:00 P.M. TO 7:00 A.M.
MAY thru SEPTEMBER	10:00 p.m. TO 10:00 A.M.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

Form for filing Rate Schedules

For Entire Territory Served
Community, Town or City

CUMBERLAND VALLEY ELECTRIC, INC
Gray, Ky. 40734

P.S.C. NO. 4
Second Revised SHEET NO. 5
Canceling First Revised SHEET NO. 5

CLASSIFICATION OF SERVICE

Small Commercial and Small Power Schedule II

APPLICABLE

Entire Territory served.

AVAILABILITY OF SERVICE

Available to all commercial and small power service under
50 KW.

TYPE OF SERVICE

SINGLE PHASE

ENERGY CHARGE: Customer charge \$5.50 per month per
customer

First 3,000 KWH	\$.08703
Over 3,000 KWH	\$.08090

THREE PHASE WHERE AVAILABLE

DEMAND CHARGE: Per KW of billing demand \$4.05

ENERGY CHARGE: Customer charge \$5.50 per month per customer

First 3,000 KWH	\$.08703
Over 3,000 KWH	\$.08090

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand
established by the Consumer for any period of 15
consecutive minutes during the month for which the bill is
rendered, as indicated or recorded by a demand meter.

MINIMUM CHARGE

The minimum monthly charge under the above rate shall be
\$5.00 where 5 KVA or less transformer capacity is required.
Each customer who requires more than 5 KVA of transformer
capacity shall pay in addition to the above minimum, .75 on
each additional KVA or fraction thereof required.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

PSC Request 1

Page 4 of 9

Form for filing Rate Schedules

For Entire Territory Served

Community, Town or City

P.S.C. NO. 4

CUMBERLAND VALLEY ELECTRIC, INC.

Second Revised SHEET NO. 7

Gray, Ky. 40734

Canceling First Revised SHEET NO. 7

CLASSIFICATION OF SERVICE

All Three Phase Schools and Churches Schedule III

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all public or non-profit private schools and churches whose total energy requirement, including but not limited to heating, air conditioning, lighting and water heating is supplied by electricity furnished by the Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this rate schedule will be 60 cycle, alternating current, three phase service, present facilities permitting and at the following nominal voltages: Three phase, 120/240, 120/208Y, 240/480, 277/480Y volts.

RATE

All KWH \$.07165

MINIMUM CHARGE

The minimum annual charge will be not less than \$.75 per KVA of required transformer capacity as determined by the Cooperative.

TERM OF CONTRACT

Service under this rate schedule will be furnished under an "Agreement for Purchase of Power".

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

Form for filing Rate Schedules

For Entire Territory Served

Community, Town or City

P.S.C. NO. 4

CUMBERLAND VALLEY ELECTRIC, INC.

Second Revised SHEET NO. 9

Gray, Ky. 40734

Canceling First Revised SHEET NO. 9

CLASSIFICATION OF SERVICE

Large Power- Industrial

Schedule IV

APPLICABLE

In all Territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose kilowatt demand shall exceed 2500 KW for lighting and/or heating and/or power.

CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

CHARACTER OF SERVICE

The electric service furnished under this Schedule will be 60 cycle alternating current and at available nominal voltage.

RATE

DEMAND CHARGE: Per KW of billing demand \$6.28

ENERGY CHARGE: ALL KWH \$.04426

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for a period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

Form for filing Rate Schedules

For Entire Territory Served
Community, Town or City
P.S.C. NO. 4

CUMBERLAND VALLEY ELECTRIC, INC.
Gray, Ky. 40734

Second Revised SHEET NO. 12
Canceling First Revised SHEET NO. 12

CLASSIFICATION OF SERVICE

Large Power Rate - 50 KW TO 2,500 KW. Schedule IV-A

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers whose
kilowatt demand shall exceed 50 KW for lighting and/or
heating and/or power up to 2,500 KW.

CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the
consumer for service under this Schedule.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60
cycle alternating current and at available nominal voltage.

RATE

DEMAND CHARGE: Per KW of billing demand \$4.05

ENERGY CHARGE: All KWH \$.05404

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand
established by the consumer for any period of fifteen
consecutive minutes during the month for which the bill is
rendered, as indicated or recorded by a demand meter and
adjusted for power factor as provided below.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

Form for filing Rate Schedules

For Entire Territory Served
Community, Town, or City
P.S.C. No. 4

CUMBERLAND VALLEY ELECTRIC, INC.
Gray, Ky. 40734

Second Revised SHEET NO. 15
Canceling First Revised SHEET No. 15

CLASSIFICATION OF SERVICE

Large Power Rate - 1000 kW to 2,500 kW

Schedule V

APPLICABLE

In all territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers willing to contract for a kilowatt demand of 1,000 kW to 2,500 KW with a monthly energy usage equal to or greater than 425 hours per KW of contract demand.

CONDITIONS

The consumer shall execute an "Industrial Power Agreement" with the Seller under this schedule. This agreement is subject to the approval of East Kentucky Power Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this schedule will be 60 cycle alternating current and at available nominal voltage.

MONTHLY RATE

<u>Consumer Charge:</u>	\$ 589.07	
<u>Demand Charge:</u>	\$ 5.93	per kW of contract demand
	\$ 8.61	per kW for all billing demand in excess of contract demand

<u>Energy Charge:</u>	\$ 0.04983	per kWh
-----------------------	------------	---------

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: _____

TITLE: Manager

PSC Request 1
Page 8 of 9

Form for filing Rate Schedules

For Entire Territory Served
Community, Town, or City
P.S.C. No. 4

CUMBERLAND VALLEY ELECTRIC, INC.
Gray, Ky. 40734

Second Revised SHEET NO. 19
Canceling First Revised SHEET NO. 19

CLASSIFICATION OF SERVICE

Large Power - Industrial

Schedule V-A

APPLICABLE

In all Territory served by the Seller.

AVAILABILITY

Available to all commercial and industrial consumers willing to contract for a kilowatt demand in excess of 2500 kw with a monthly energy usage equal to or greater than 425 hours per KW of contract demand.

CONDITIONS

The consumer shall execute an "Industrial Power Agreement" with the Seller of a service under this schedule. This agreement is subject to the approval of East Kentucky Power Cooperative.

CHARACTER OF SERVICE

The electric service furnished under this Schedule will be 60 cycle alternating current and at available nominal voltage.

RATES PER MONTH

<u>Consumer Charge:</u>	\$	1,177.04	
<u>DEMAND CHARGE;</u>	\$	5.93	per kW of contract demand
	\$	8.61	per kW for all billing demand in excess of contract demand
<u>Energy Charge:</u>	\$.04283	per kWh

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY; _____

TITLE: Manager

Form for filing Rate Schedules

For Entire Territory Served

Community, Town or City

P.S.C. NO. 4

CUMBERLAND VALLEY ELECTRIC, INC.

Third Revised SHEET NO. 23

Gray, Ky. 40734

Canceling Second Revised SHEET NO. 23

CLASSIFICATION OF SERVICE

Outdoor Lighting-Security Lights

Schedule VI

AVAILABILITY

Available to all consumers of the Cooperative for dusk to dawn
outdoor lighting in close proximity to existing overhead
secondary circuits.

RATE PER LIGHT PER MONTHMercury Vapor Lamps

1)	175 Watt	\$ 7.62	Per Lamp Per Month
2)	400 Watt	\$ 10.73	Per Lamp Per Month

Other Lamps

1)	100 Watt OPEN BOTTOM	\$ 7.64	Per Lamp Per Month
2)	100 Watt COLONIAL POST	\$ 8.65	Per Lamp Per Month
3)	100 Watt DIRECTIONAL FLOOD	\$ 9.33	Per Lamp Per Month
4)	400 Watt DIRECTIONAL FLOOD	\$ 14.69	Per Lamp Per Month
5)	400 Watt COBRA HEAD	\$ 14.69	Per Lamp Per Month

CONDITIONS OF SERVICE

1. The Cooperative shall furnish, install, operate, and maintain the outdoor lighting equipment including lamp, luminaire, bracket attachment and control device on an existing secondary pole.
2. The lighting equipment shall remain the property of the Cooperative. The Consumer shall protect the lighting equipment from deliberate damage.
3. The Consumer shall allow authorized representatives of the Cooperative to enter upon the Consumer's premises and to trim trees and shrubs as necessary for maintenance of the lighting equipment and for removal of lighting equipment upon termination of service under this schedule.

Date of Issue: March 26, 2009

Date Effective: April 1, 2009

Issued By: _____

Title: Manager

Ted Hampton
Manager
Cumberland Valley Electric, Inc.
Highway 25E, P. O. Box 440
Gray, KY 40734

Honorable W. Patrick Hauser
Attorney At Law
P. O. Box 1900
Barbourville, KY 40906